

**REPORT OF THE AUDIT OF THE
BALLARD COUNTY
SHERIFF**

**For The Year Ended
December 31, 2005**



**CRIT LUALLEN
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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE BALLARD COUNTY SHERIFF

**For The Year Ended
December 31, 2005**

The Auditor of Public Accounts has completed the Ballard County Sheriff's audit for the year ended December 31, 2005. Based upon the audit work performed, the financial statement presents fairly, in all material respects, the revenues, expenditures, and excess fees in conformity with the regulatory basis of accounting.

Financial Condition:

Excess fees increased by \$16,923 from the prior year, resulting in excess fees of \$16,923 as of December 31, 2005. Revenues increased by \$53,201 from the prior year and allowable expenditures increased by \$36,278.

Report Comments:

- The Sheriff Should Reimburse Salary Of \$1,558

Deposits:

The Sheriff's deposits were fully insured by the Federal Deposit Insurance Corporation (FDIC).

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CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Vickie Vinard, Ballard County Judge/Executive
The Honorable Todd Cooper, Ballard County Sheriff
Members of the Ballard County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of revenues, expenditures, and excess fees - regulatory basis of the Sheriff of Ballard County, Kentucky, for the year ended December 31, 2005. This financial statement is the responsibility of the Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Sheriff's office prepares the financial statement on a regulatory basis of accounting that demonstrates compliance with the laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues, expenditures, and excess fees of the Sheriff for the year ended December 31, 2005, in conformity with the regulatory basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated May 15, 2007 on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.



The Honorable Vickie Vinard, Ballard County Judge/Executive
The Honorable Todd Cooper, Ballard County Sheriff
Members of the Ballard County Fiscal Court

Based on the results of our audit, we have presented the accompanying comment and recommendation, included herein, which discusses the following report comment:

- The Sheriff Should Reimburse Salary Of \$1,558

This report is intended solely for the information and use of the Sheriff and Fiscal Court of Ballard County, Kentucky, and the Commonwealth of Kentucky and is not intended to be and should not be used by anyone other than these interested parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a stylized flourish at the end.

Crit Luallen
Auditor of Public Accounts

May 15, 2007

BALLARD COUNTY
TODD COOPER, SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS

For The Year Ended December 31, 2005

Revenues

Federal Grants		\$	29,598
State - Kentucky Law Enforcement Foundation Program Fund			36,339
State Fees For Services			60,655
Circuit Court Clerk:			
Fines and Fees Collected	\$	2,642	
Court Ordered Payments		540	3,182
Fiscal Court			205,993
County Clerk - Delinquent Taxes			782
Commission On Taxes Collected			134,006
Fees Collected For Services:			
Auto Inspections		2,230	
Accident and Police Reports		388	
Adverting Fees		960	
Serving Papers		7,660	
Tax Penalty Fees		14,140	
Carrying Concealed Deadly Weapon Permits		4,050	
Transporting Prisoners		2,198	31,626
Other:			
City of Wickliffe		25,000	
Miscellaneous		922	25,922
Interest Earned			769
Borrowed Money:			
State Advancement			50,000
Total Revenues			578,872

The accompanying notes are an integral part of this financial statement.

BALLARD COUNTY
TODD COOPER, SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS
For The Year Ended December 31, 2005
(Continued)

Expenditures

Operating Expenditures and Capital Outlay:

Personnel Services-

Deputies' Salaries \$ 345,679

Kentucky Law Enforcement Foundation Program Fund 33,178

Employee Benefits-

Employer's Share Retirement 3,161

Contracted Services-

Advertising 960

Materials and Supplies-

Office Materials and Supplies 8,326

Uniforms 2,051

Film 70

Training 348

Auto Expense-

Gasoline 29,261

Maintenance and Repairs 7,407

Other Charges-

Dues 325

Postage 58

Carrying Concealed Deadly Weapon Permits 2,855

Fiscal Court Fees 2,400

Transporting Prisoners 2,308

Miscellaneous 995

Capital Outlay-

Vehicles 4,000

Debt Service:

State Advancement 50,000

Total Expenditures \$ 493,382

Net Revenues 85,490

Less:

Sheriff's Salary Paid 63,838

Adjustment for Overpayment of Sheriff's Salary (1,558) 62,280

Excess Fees 23,210

Less: Training Incentive Benefit 6,287

Excess Fees Due County for 2005 16,923

Payments to Fiscal Court - December 30, 2005 15,365

Balance Due Fiscal Court at Completion of Audit \$ 1,558

The accompanying notes are an integral part of this financial statement.

BALLARD COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 2005

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of revenues over expenditures to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

KRS 64.820 directs the fiscal court to collect any amount, including excess fees, due from the Sheriff as determined by the audit. KRS 134.310 requires the Sheriff to settle excess fees with the fiscal court at the time he files his final settlement with the fiscal court.

The financial statement has been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this regulatory basis of accounting revenues and expenditures are generally recognized when cash is received or disbursed with the exception of accrual of the following items (not all-inclusive) at December 31 that may be included in the excess fees calculation:

- Interest receivable
- Collection on accounts due from others for 2005 services
- Reimbursements for 2005 activities
- Tax commissions due from December tax collections
- Payments due other governmental entities for payroll
- Payments due vendors for goods or services provided in 2005

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

BALLARD COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2005
(Continued)

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost-sharing, multiple-employer defined benefit pension plan that covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members.

Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.48 percent for the first six months and 10.98 percent for the last six months of the year.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report which is a matter of public record. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, or by telephone at (502) 564-4646.

Note 3. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the Sheriff's deposits may not be returned. The Sheriff does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of December 31, 2005, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

BALLARD COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2005
(Continued)

Note 4. Drug Fund

The Ballard County Sheriff's office has a drug fund established by an order of the Circuit Court, which is authorized by KRS Chapter 218A. Receipts result from the forfeiture of money and property awarded in drug cases and bank interest. The funds are spent for supplies, equipment, vehicle repairs, and drug awareness programs. The balance as of January 1, 2005 was \$2,974. During the calendar year, receipts of \$30,355 and disbursements of \$22,829 were accounted for in accordance with KRS Chapter 218A leaving an ending balance of \$10,500 as of December 31, 2005.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Vickie Vinard, Ballard County Judge/Executive
The Honorable Todd Cooper, Ballard County Sheriff
Members of the Ballard County Fiscal Court

Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We have audited the statement of revenues, expenditures, and excess fees - regulatory basis of the Ballard County Sheriff for the year ended December 31, 2005, and have issued our report thereon dated May 15, 2007. The Sheriff's financial statement is prepared in accordance with a basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Ballard County Sheriff internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Ballard County Sheriff's financial statement for the year ended December 31, 2005, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.



Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

Compliance And Other Matters (Continued)

The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying comment and recommendation.

- The Sheriff Should Reimburse Salary Of \$1,558

This report is intended solely for the information and use of management and the Kentucky Governor's Office for Local Development, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen
Auditor of Public Accounts

May 15, 2007

COMMENT AND RECOMMENDATION

BALLARD COUNTY
TODD COOPER, SHERIFF
COMMENT AND RECOMMENDATION

For The Year Ended December 31, 2005

STATE LAWS AND REGULATIONS:

The Sheriff Should Reimburse Salary Of \$1,558

KRS 64.5275 authorizes the Governor's Office for Local Government to set the sheriff's annual salary. For calendar year 2005, the Sheriff received \$1,558 more than the salary set in accordance with KRS 64.5275. We recommend that the Sheriff reimburse \$1,558 from personal funds and pay additional excess fees of \$1,558 to fiscal court.

Sheriff's Response: This will be reimbursed once offset of paid taxes for salary.

PRIOR YEAR:

The Sheriff Should Seek Additional Funding From The Ballard County Fiscal Court In The Amount Of \$455 For Calendar Year 2004 – Corrected.

Lacks Adequate Segregation Of Duties – Corrected.

Compensating controls were adequately documented to offset this weakness in the current year.

